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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 02/06/09

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- (1) DPJ's Ozawa gets started for an April general election

MAINICHI (Page 5) (Full)
February 6, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa recently stated that the next Lower House election would take place in April.

He has now begun to make genuine efforts to prepare for the election, kicking off a stumping tour. Yesterday, he stressed his view in the form of falling in line with an argument in the ruling camp that the Lower House should be dissolved immediately after the passage of the fiscal 2009 budget bill. However, with the Diet being in the middle of a fierce battle between the ruling and opposition parties, there seems no way in sight for the enactment of the budget bill, which is a condition for Lower House dissolution. The dominant view in the DPJ is that Ozawa aims to boost morale, according to a mid-level lawmaker.

When asked by reporters about his grounds for an April general election, Ozawa said yesterday:

"Since there is a time-lag between the passage and implementation of the budget, if the election is held sometime during that period, there will be little negative impact on the livelihoods of the people."

He added: "I believe that ordinary LDP and New Komeito members probably think so, but I don't know how Mr. Aso thinks."

In a meeting on Jan. 31 of postmasters, Ozawa stated: "The Lower House will be dissolved in March and the general election will be called in April." He has reiterated similar remarks since then. He called yesterday without prior notice at the office of a DPJ candidate in Machida City, Tokyo. He also instructed the candidate to be ready for an April election.

(2) Machimura becomes faction head; Mori distrusts Nakagawa

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MAINICHI (Page 5) (Full)
February 6, 2009

Internal conflict in the Machimura faction of the ruling Liberal Democratic Party (LDP), has now been settled with decisions being made in a meeting yesterday that former Chief Cabinet Secretary Nobutaka Machimura would be promoted to be faction chairman and that former LDP Secretary General Hidenao Nakagawa would be demoted in effect. However, in the meeting that lasted more than two hours, many junior and mid-level lawmakers took a cautious stance toward the leadership shift. As such, the gulf in the LDP's largest faction has further widened. A senior faction member with close ties to former Prime Minister Yoshiro Mori, the faction's supreme adviser who forced through the leadership change, said: "If he doesn't want to follow the faction's policy, he should leave." There are still sources for a breakup of the faction.

"Criticism of the government by a person who has served as secretary general will cause trouble for the party," said Mori, criticizing Nakagawa in a strong tone at the meeting. Mori's strong distrust of Nakagawa was the biggest reason behind his sharp words. In the LDP presidential election last September, Nakagawa threw his support behind former Defense Minister Yuriko Koike. He has distanced himself from the Aso administration, while criticizing Prime Minister Taro Aso's policy, particularly the proposed consumption tax hike, ever since the administration was launched. Mori adamantly told Nakagawa, who favors political realignment: "I will never allow a subgroup of the faction to exist."

However, Nakagawa only went so far as to say: "I have worked hard for the faction." Junior to mid-level lawmakers, including Upper House member Ichita Yamamoto, rebutted him, with one saying: "Chaos should not be created in the faction just before the Lower House election." Another said: "More time should be taken for discussion." There was a scene in which Mori scolded Nakagawa sharply, saying: "If you are unhappy with Mr. Machimura, you should directly tell him."

Former Prime Minister Shinzo Abe, an advisor to the faction, urged an early settlement in the meeting, saying: "Unless the issue is resolved, a power struggle will start. That should be avoided."

After the meeting, although Machimura asked Nakagawa for a meeting,

Nakagawa refused the request, saying: "I don't have time." Faction members are wondering if Nakagawa may leave the faction in the end.

Nakagawa met last night with about 10 first-term lawmakers from the faction at a Japanese restaurant in Tokyo. He was ostensibly calm when he said: "It is important to hold on to your own beliefs. Since Japan is in the difficult situation, we need to implement policy measures we believe in. Compared with that, the faction's problem is not a big deal."

(3) Analyzing the crisis: Shift away from market fundamentalism

MAINICHI (Page 2) (Full)

February 6, 2009

Interview with economist Hirofumi Uzawa

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-- How do you see the nature of the ongoing financial crisis?

"The ongoing financial crisis indicates that market fundamentalism has collapsed. Market fundamentalism has been the mainstream thinking since economic reforms by the Reagan administration in the U.S. and the Thatcher administration in Britain in the 1980s. The Bush administration has also promoted it. As a result, the thinking that if there is an opportunity to make money, one can do anything to earn money has become rampant. The current crisis is the consequence of such market fundamentalism. It has destroyed the global economy. The blow dealt is immeasurable."

-- During the Great Depression of the 1930s, Franklin Roosevelt served as the president of the U.S.

"President Roosevelt separated the role of banks from that of securities houses under the Glass-Steagall Act in 1933. The nature of banks, which extensively collect deposits, and securities houses, which earn money with stocks, is totally different. Banks have intensified the bubble economy. However, banks and securities houses are essentially common social capital that plays a key role in order for economic activities to function smoothly and for people to lead stable lives. They must not be used for speculative purposes. The New Deal program clarified this principle. That had great meaning in the history of capitalism."

-- Nevertheless, the U.S. again tilted toward speculation.

"Deregulation has been promoted, based on market fundamentalism. As a result, the management of banks has become sloppy. The current financial crisis is the outcome of banks selling housing loans to those with low repayment capability and spreading financial products containing housing loan bonds, pretending that they were safe products."

-- There is a deep-seated view that it is necessary to ensure free economic activities, by scrapping regulations.

"Freedom has two meanings -- freedom of market fundamentalism, liberty to make society in which citizens' basic rights are respected and they can enjoy their freedom to the maximum extent. Market fundamentalism exploits poor people or people who are suffering. Japan has introduced competition principles. As a result, its medical services and education system have become run down."

-- The Bush administration was negative toward measures to curb greenhouse gas emissions.

"That administration's logic was to pursue economic growth of its own country and had no regard for other countries' suffering. This is the notion of market fundamentalism, which gives priority to making profits. The unilateralism of the U.S., including the Iraq War, was awful. Its unilateralism has rebounded against itself in the form of a financial crisis. The unipolar world centered around the U.S. is coming to an end, with the financial crisis as the occasion."

-- President Obama's economic policy is called the new New Deal program.

"Mr. Obama aims high. He is a wonderful person. I would like him to make a fundamental shift from market fundamentalism and display

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leadership in rebuilding a framework for new international cooperation. However, his economic team includes members who advocate an economic policy close to market fundamentalism. I do not know to what extent we can pin our hopes on President Obama."

Hiroyuki Uzawa: Graduated from the Tokyo University Faculty of Science. Served as the dean of the Tokyo University Department of Economics. Worldwide economist, who led the development of neoclassical theory. His works include "Social Cost of Automobiles," "Economics of Global Warming," and "Common Social Capital." 80 years old.

(4) Editorial: Obama must not allow chain reaction of protectionism triggered by U.S.

NIKKEI (Page 2) (Full)
February 6, 2009

Given the ongoing global economic recession, protectionist moves have reared up in the United States. A "Buy American" provision was included in the economic stimulus bill that passed the House of Representatives last week. If the bill is enacted as is, a domino effect would begin and protectionism would spread across the world.

The Buy American provision requires the U.S. government to use only U.S.-made steel, iron or clothing materials for public works projects, shutting out foreign products. President Barack Obama should urge Congress in a resolute manner to revise the bill.

The rest of the world is paying close attention to what trade policy the Obama administration will take. Obama said that the provision should be reviewed, but he has yet to refer to the possibility of using his veto power. Some observers point out that he fears a showdown with the Congress.

In an attempt to include the provision in the stimulus package, Democratic Party lawmakers from steel-producing states played a leading role. They reacted apparently in response to strong pressure from domestic steel companies and their workers who have seen demand sharply plunging as a result of the recession.

The House, at the proposal of a new member from the Democratic Party, also added to the bill a clause that would limit the uniforms worn by baggage inspectors at airports and other textile products at airports to U.S.-made ones. Meanwhile, the Senate is now discussing a bill that would expand the scope of obligatory procurement to include all industrial products, not limited to steel and iron products.

In recent U.S. political circles, lawmakers have made moves apparently aimed to court the public's favor. It is certain that American firms' deteriorating business performance and employment uncertainty have invited the Congress to opt for protectionism.

Given shrinking demand due to the global financial crisis, many countries have begun to incline toward protecting their own domestic industries. Russia has raised tariffs on automobiles from the current 25 PERCENT to 30 PERCENT. India has also increased tariffs on steel and some food products. This trend is observed in Latin American countries, as well.

More countries, once they judge that Washington has inclined toward

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protectionism, may raise tariffs, following on the heels of the U.S. The Buy American provision contains the danger of triggering a

negative chain reaction.

The Senate's bill added this wording: "(the provision) be applied in a manner consistent with U.S. obligations under international agreements." But the substance of the bill itself remains unchanged. If the bill passes the Senate, a final decision will be entrusted to the hands of President Obama. Obama should not make a compromise in a move to enact the stimulus bill in a rush.

President Obama, who appeared on the stage while shouldering the burden of the world's expectations, has the responsibility to persuade domestic protectionists to change their stance. We expected the new U.S. president to demonstrate powerful leadership.

(5) Editorial: Trilateral unity should be solidified

SANKEI (Page 2) (Full)
February 5, 2009

North Korea is now preparing to launch long-range ballistic missiles, including a Taepodong-2 missile that can reach U.S. territory. If North Korea should launch a missile after an interval of three years, tensions will run high on the Korean Peninsula, involving the Obama administration right after its inauguration.

According to U.S. reconnaissance satellite and South Korean intelligence, cargoes are being trucked or carried on a train to a missile launch site in North Korea's northern part. Those containerized objects, judging from the shape of their containers, are reportedly presumed to be for a Taepodong-2 missile or a larger one.

In July 2006, North Korea launched missiles. At that time, the Taepodong-2 broke up in the air and its launch ended in failure. Even so, the Taepodong-2's range is estimated at 6,000 kilometers, which covers Alaska. Its enhanced type-ranging 12,000 kilometers-can reach the West Coast of the U.S. mainland, meaning a new threat to the United States. This is a serious problem also for Japan, which is seeking a comprehensive settlement of the nuclear, missile, and abduction issues. North Korea must never be allowed to launch missiles.

At this point of time, North Korea made such an ostentatious move to show off. This move can be taken to mean that the new U.S. administration's inauguration was in Pyongyang's mind. The Obama administration has now set about tackling the Middle East and Afghanistan issues. When it comes to the North Korea problem, however, the Obama administration is now examining the past negotiations, according to Secretary of State Clinton. Basically, the Obama administration will continue the six-party talks that started under the Bush administration.

On the other hand, North Korea, as a nuclear power, is demanding a new round of nuclear disarmament talks. North Korea possibly intended to make the most of its threat, aiming as usual to hold talks to its advantage.

Granting that the move is intended to intimidate the U.S. government, however, we must say it is an irresponsible conduct to heighten tensions on the Korean Peninsula. In 2005, the six-party

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talks reached an agreement. On that occasion, North Korea promised to abandon its nuclear ambitions. Nevertheless, North Korea has refused nuclear inspections to date in spite of its removal from the terrorist blacklist and its fuel oil acquisition for nothing.

Secretary Clinton will visit Japan, China, and South Korea in mid-February. President Obama had a telephone conversation with the leader of each country and agreed to attain the Korean Peninsula's denuclearization in the six-party talks. This month, Japan will preside over the United Nations Security Council. North Korea's bluff diplomacy will only strengthen the unity and cooperation of Japan, the United States, South Korea, and China.

North Korea should return to the starting point of the six-party

talks and then should sincerely deliver on its agreement to accept nuclear inspections and abandon its nuclear programs. Reckless behavior will bring nothing productive. North Korea should realize that it will be further isolated.

(6) Local residents voice anger at U.S. military against live-fire training

OKINAWA TIMES (Page 31) (Full)
February 6, 2009

"The U.S. military should own up to its responsibility." With this, a resident of Kin Town voiced anger as Okinawa prefectural police announced findings from their investigation of a recent incident in which a stray bullet hit a local resident's vehicle parked in the town's Igei district. It has been 54 days since the bullet was discovered. The police have yet to find out why such an incident occurred. However, the U.S. military is carrying out live-fire training at Camp Hansen, a U.S. military base contiguous to the town. Local residents claimed that the U.S. military should stop such live-fire training at once since the police have now found that the discovered bullet is the same as the U.S. military's.

"The U.S. military uses that kind of bullet at Camp Hansen, so the bullet came flying. I can't think of any other reason. That bullet is not used in private areas, is it?" This comment came from Mitsu Tamaki, 70, who learned of the prefectural police's announcement when she was interviewed by the Okinawa Times. Tamaki saw white smoke spreading at her house's parking space. She looked into the police statement. "I don't know well from this alone," she said. She asked, "I want them to tell us more exactly if there is something relevant between the incident and Camp Hansen."

"This is the same as what the local residents have said," Masafumi Ikehara, who represents the Igei district, said. "The U.S. military should stop the live-fire training right away, and I want the prefectural government to take strong action," Ikehara added.

Kin Mayor Tsuyoshi Gibu was upset, saying: "The bullet is the same as the sample given by the U.S. military. This means the bullet came flying from the U.S. military's training ground. That's my impression. We have noted that the training is dangerous. Nevertheless, they continued the live-fire training. I feel angry about this fact." The town will hold a meeting of the Igei district's representative and the town's assembly members to discuss what to do from now on.

The town's assembly will hold a meeting of its special committee on

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U.S. military bases. Its chairman, Masanobu (or Shoshin) Nakama, elected from the Igei district, was upset, saying: "Judging from the circumstantial evidence, it's clear that the bullet came from Camp Hansen. That's a defective training ground. We will discuss what to do, including our request to remove the base." The committee will meet this afternoon.

Katsuhiro Yoshida, an Okinawa prefectural assembly member elected from the town of Kin, said: "We have confirmed that the U.S. military was carrying out training at Range 7 when the incident took place that day. This problem will affect the lives of people in the prefecture, so the prefectural police should ask the U.S. military to provide information in order to clear up the facts about the incident, including what they did in the training that day, as well as the training unit's name and the guns they used." He added: "We must not leave this matter unsettled with the prefectural police's findings. The U.S. military's fact-finding team could come up with a conclusion for the U.S. military. The Foreign Ministry and the Defense Ministry also should cooperate with the Okinawa prefectural police and should call for the U.S. military to disclose even more information."

(7) Fierce race underway for top post of nuclear watchdog; Japan making every effort to get Amano elected as new IAEA director general

Atsuko Niuchi, Vienna

The Japanese government has begun making serious efforts for obtaining the post of the director general of the International Atomic Energy Agency (IAEA), the UN nuclear watchdog. Japan has nominated ambassador to the International Organizations in Vienna Yukiya Amano, 61, as a candidate to succeed Mohamed ElBaradei. With an eye on a vote in March, a fierce competition is underway with the South African candidate.

A Foreign Ministry official in charge described the upcoming election as a national project. He said: "From the prime minister, administrative vice-ministers, lawmakers, and to administrative officials of relevant ministries and agencies, our country has been calling for support for (Amano) by using every possible means."

Amano's nomination was announced in the speech delivered last September by Prime Minister Taro Aso before the UN General Assembly. The Assembly was immediately followed by an IAEA general conference in which former Science and Technology Policy Minister Iwao Matsuda representing Japan delivered a speech and repeated "Yukiya Amano" eight times. In closing his speech, Matsuda introduced Amano in person to the assembly.

In order to be appointed, a candidate must secure a two-thirds vote of the 35-member IAEA board of governors. The Foreign Ministry has set up the election campaign headquarters headed by Foreign Minister Hirofumi Nakasone. The members meet once a week to discuss strategies. The ministry has printed some 3,000 copies of an English-language pamphlet describing Hamano as a person of strong leadership with deep experience in order to distribute them to IAEA board members and others.

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Amano himself has visited many IAEA board member countries to sell himself.

Amano's rival is Abdul Minty, 69, South African ambassador to the IAEA. According to an IAEA diplomatic source, Minty has won the support of the African Union (AU) in return for handing over the chair of the IAEA board of governors to another African country.

Both Japan and South Africa have frequently held luncheon meetings and receptions at various parts of the world, including Vienna where the IAEA headquarters is located. As seen in lavish business entertainment and trade in international organization posts, anything goes mentality is evident.

Key position with eye on North Korea

There are reasons why Japan is eager to get the top IAEA position. One is because except for the UN Security Council, there is no international framework that carries more political weight than the AIEA, as a senior Foreign Ministry official put it. The IAEA and its Director General ElBaradei won the 2005 Nobel Peace Prize.

The IAEA plays a major role in inspections of nuclear programs in North Korea and Iran. Chances and the number of countries subject to nuclear inspection are expected to grow with an increase in the use of nuclear energy due to measures to combat global warming and soaring fossil fuel prices. The government thinks the secretary general's post will significantly help increase the ability to gather information.

In the election campaign, Japan as the only country to have suffered atomic bombs has played up the unique role it can play as a country that has used nuclear power peacefully over the last half century. A senior Foreign Ministry official said: "Japan has developed inspection technologies in cooperation with the IAEA. If Mr. Amano becomes IAEA director general, we can expand the use of nuclear energy while preventing such technologies from being used militarily."

The other reason is that Japan might not have any top post of major international organizations after Koichiro Matsuura resigns as UNESCO director general this fall.

The Japanese candidates were defeated in the race for the top position of the Organization for Economic Cooperation and Development (OECD) in 2005 and the race for the World Health Organization (WHO) in 2006. Contributions to international organizations and the government's official development assistance (ODA) budget are also dropping. Japan is strongly alarmed at a further decline in its presence in the international community.

South Africa remains upbeat

Chair of the board of governors Taous Feroukhi of Algeria is looking for ways to come up with single candidate through talks. But Amano and Minty are set to clash head on. Chances are high that a vote will take place in the regular board of governors' conference slated to open on March 2.

Up to three secret ballots can be cast, and if the winner is still not determined, the propriety of each candidate will be questioned in the next vote. If that does not do the trick, the race will go

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back to the drawing board. Candidates can run again, but chances are a third candidate will come forward. "Obtaining two-thirds approval will not be that easy," a source connected with the Foreign Ministry said.

According to a Vienna diplomatic source, about half of the 35 countries have yet to determine their attitudes.

In each case in the last two elections, the ones who came first did not clear the two-thirds requirement and the one who came late won the position.

This time around, besides Amano and Minty, such names as former Mexican President Ernesto Zedillo and former Organization for the Prohibition of Chemical Weapons Director-General Rogelio Pfirter are being bandied as possible candidates for the job. A certain diplomat took this view: "Some are hoping for a third candidate. The fact that a large number of countries remain undecided might reflect such an atmosphere."

Listening to Yukiya Amano -- Japan fit for the position

Armed with its foreign policy centering on disarmament and nonproliferation, Japan has pursued the peaceful use of atomic energy as the only atomic-bombed country. Proactively extending technological cooperation, Japan is fit to produce the next IAEA director general.

I have spent 36 years in the field of diplomacy. I have 15 years of experience in disarmament and nonproliferation and nuclear energy. I have also managed international organizations. I believe those experiences are helpful in guiding the IAEA.

As seen in such issues as global warming, the nuclear issues of North Korea and Iran, and nuclear terrorism, challenges shift with the times. Priorities must be set straight under the limited budget.

I am determined to streamline the IAEA further for an expanded use of nuclear energy and for strengthening security measures.

ZUMWALT